REMARKS

General

Claims 1-42 are pending in the application. Claims 1-42 stand rejected.

No amendment is made, and no new matter is added, by this response.

Citation of references

U.S. Patent Application Publication No. 2002/0082979 A1 (Sands et al.), cited as prior art against claims 13 and 28, does not appear to be listed in the present or any previous Form PTO-892 Notice of References Cited. In order to ensure a complete record, the Examiner is respectfully requested to issue a PTO-892 making the Sands reference of record in this application.

Rejections under 35 USC § 103

Claims 1-2, 18-19, 22, 27, 30-31, 33, and 39, of which claims 1 and 22 are independent, stand rejected as allegedly obvious over U.S. Patent Application No. 2002/0161684 (Whitworth) in view of U.S. Patent No. 7,212,993 (Bodurtha et al.). The rejection is traversed.

Claims 1 and 22 recite, among other features, aggregating a plurality of securities of a single issuer into a bundled instrument security. There is no disclosure or suggestion of that feature in the cited references. The Examiner cites to paragraph [0070] of Whitworth as allegedly describing "a plurality of securities issued by a single issuer." That is incorrect. The whole of paragraphs [0066] to [0071] of Whitworth is a description of "method 300 ... using existing shares of a [sic] multiple companies." There is no disclosure or suggestion anywhere in Whitworth of aggregating a plurality of securities issued by a single issuer.

The Examiner cites to column 3, lines 1-5 and 15-22 of Bodurtha as allegedly describing aggregating securities in at least one tradable bundled instrument security "wherein at least one type of the plurality of securities are publicly traded securities of the single issuer." That is incorrect. Col. 3, line 4 of Bodurtha specifically refers to a "portfolio of publicly issued stocks." Line 26 refers to a "basket of securities." The terms "portfolio" and "basket" do not reasonably suggest stocks of only a single issuer, as claimed. This is stated even more forcibly in other parts of Bodurtha. See, for example, claim 1 at col. 10, lines 51-52 "at least two securities associated with entities independent of each other."

Further, the Examiner offers no "articulated reasoning with some rational underpinning," *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1741 (2007) to support his assertion of the "legal conclusion of obviousness." *Id.* The Examiner argues that one of ordinary skill would have been motivated to make the combination "in order to ensure that the entire process of transacting the securities combine is done in an efficient manner." However, that begs the question of what the Examiner's hypothetical securities combine is transacting. It might have been obvious to a person of ordinary skill carrying out Whitworth's process to add a computer to carry out Whitworth's process in an efficient manner, but it would not have been obvious to add the step of aggregating, because that would be contrary to Whitworth's process, which is fundamentally a process of stripping. "The proposed modification cannot render the prior art unsatisfactory for its intended purpose." MPEP §2143.01.V, section heading. The modification that the Examiner is proposing would render Whitworth unsatisfactory for Whitworth's intended purpose of stripping, and is *prima facie* not obvious, *In re Gordon*, 733 F.2d 900, 221 USPQ 1125 (Fed. Cir. 1984). It would not have been obvious to a person of ordinary skill to add the feature of a plurality of securities of a single issuer to Bodurtha, because that would be contrary to Bodurtha's repeatedly asserted object of providing a receipt "corresponding to a diversified portfolio of securities," col. 2, line 54. "The proposed modification cannot render the prior art unsatisfactory for its intended purpose." MPEP §2143.01.V. The modification that the Examiner is proposing would render Bodurtha unsatisfactory for Bodurtha's intended purpose of facilitating diversification, and is *prima facie* not obvious, *In re Gordon*.

In fact, Whitworth and Bodurtha, separately or in any combination, do not teach or suggest the claimed feature of aggregating a plurality of securities issued by a single issuer; and there is nothing in Whitworth and Bodurtha that could have made that feature obvious to a person having ordinary skill in the art. Bodurtha is directed to diversification, and thus consistently teaches away from a single-issuer instrument. Whitworth is directed to stripping an interest stream from capital value (largely for tax reasons) in otherwise conventional investments, and never even suggests the possibility of creating a novel instrument such as the claimed aggregate of a plurality of securities issued by a single issuer. Even if the ordinary skilled person had somehow succeeded in combining Whitworth's and Bodurtha's teachings, the result would not, and could not, be the claimed system, because the claimed aggregate of a plurality of securities issued by a single issuer is missing from the combined teachings of the

references. At most, the hypothetical ordinary skilled person might be left with a dividend strip, and a non-dividend stub, of Bodurtha's diverse basket, which is not what is claimed.

For all of the above reasons, the cited references do not teach or fairly suggest all the features of the claimed combination, and the claimed system and method are believed to be non-obvious over the references.

Claims 2, 18-19, 22, 27, 30-31, 33, and 39 depend from claims 1 and 22 and, without prejudice to their individual merits, are deemed to be non-obvious over the cited references for at least the same reasons as their respective base claims.

In addition, regarding claims 18 and 30, the cited col. 11, lines 9-12 (claim 5) of Bodurtha does not mention redemption of a security, as claimed. Claim 5 of Bodurtha is directed to payment of a dividend granted or other distribution in respect of a security underlying a Security Receipt to the owner of the Security Receipt.

Regarding claim 27, the cited col. 6, lines 22-29 of Bodurtha does not even mention the price at which the Security Receipt is sold, as claimed.

Regarding claim 31, the cited paragraphs [0021] and [0049] of Whitworth do not even mention an expelled security, as claimed. Paragraphs [0021] and [0049] of Whitworth relate only to the creation of a derivative security and sale to investors of a derivative security. Further, as noted above, Whitworth's derivative security is based on a single underlying security, so if that underlying security were expelled, the derivative security would cease to exist.

Regarding claims 33 and 39, the stated ground of rejection "using the same rationale as" claim 3 against claim 33 and claim 2 against claim 39 is improper, since claim 33 is different from claim 3 and claim 39 is different from claim 2. No valid ground of rejection of claim 33 or claim 39 can be discerned.

For at least all of the above reasons, at least claims 18, 27, 31, 33, and 39 are believed to be non-obvious over the cited references.

Claims **3-4, 10-12, and 15** are rejected as allegedly obvious over Whitworth and Bodurtha in view of U.S. Patent Application No. 2002/0046154 (Pritchard).

Claims **16 and 17** are rejected as allegedly obvious over Whitworth in view of Bodurtha and further in view of U.S. Patent No. 5,806,048 (Kiron).

Claims 5-9, 23-26, 32, and 34-35 are rejected as allegedly obvious over Whitworth in view of Bodurtha and Pritchard and further in view of published US Patent Application No. 2004/0002910 (Mizukami).

Claims 13 and 28 are rejected as allegedly obvious over Whitworth in view of Bodurtha and Pritchard and further in view of published US Patent Application No. 2002/0082979 (Sands et al).

Claims 14 and 29 are rejected as allegedly obvious over Whitworth in view of Bodurtha and Pritchard and further in view of published US Patent Application No. 2001/0037277 (Willis et al).

Claims 20-21 and 36 are rejected as allegedly obvious over Whitworth in view of Bodurtha and further in view of published US Patent Application No. 2004/0078314 (Maerz et al.).

Claims 3-17, 20-21, 23-26, 28-29, 32, and 34-36 depend from claims 1 and 22, and the various tertiary references are relied on only for additional features of the dependent claims. Without prejudice to their individual merits, these dependent claims are deemed to be non-obvious over the combination of four cited references for at least the same reasons as base claims 1 and 22 are non-obvious over Whitworth and Bodurtha alone.

In addition, regarding **claim 3**, the examiner cites steps 202 and 204 of **Pritchard** as allegedly showing the claimed bundling rules. The cited paragraphs describe gathering information and making a choice based on that information, but there is no disclosure or suggestion of providing rules for the decision, as claimed.

In addition, regarding **claims 6 and 7**, no mention of the claimed depositary receipts is found in the cited paragraph [0095] of **Mizukami**.

Regarding **claim 8**, the rejection "using the same rationale as claim 7" does not state any valid ground of rejection, because the stated rejection of claim 7 is specific to the language of claim 7.

Regarding **claims 9 and 25**, the cited col. 7, lines 49-51 of **Bodurtha** does not disclose or suggest that the securities are of the same type, as claimed. Bodurtha describes determining "the number of shares of each stock" which implies at least two qualitatively different stocks.

Regarding **claims 10 and 26**, the cited paragraph [0045] of **Pritchard** describes an investment trust including investment instruments of disparate types, but those are apparently

instruments from different issuers, see for example paragraphs [0025]-[0026], [0028]-[0029] describing the process for finding suitable instruments. There is no suggestion in the cited references, separately or in any combination, of aggregating investment instruments of disparate types from a single issuer, as claimed.

Regarding **claims 14 and 29**, the cited paragraphs [0010] and [0035] of **Willis** describe tracking "capital events" including splits and mergers, but do not teach or suggest altering an aggregation multiple in a bundled instrument security in response to a split, merger, or other "capital event," as claimed.

Regarding **claims 15 and 24**, the cited paragraph [0015] of **Pritchard** does not even mention determining an aggregation multiple based on specified factors, as claimed. The cited paragraph of Pritchard describes only determining the value of the trust after it has been set up.

Regarding **claims 20, 21, and 36**, the cited passage at paragraphs [0086] and [0087] of **Maerz** discusses when the Pilot Option Participation Securities basket may be traded, but does not discuss pricing at all. *A fortiori*, the cited passage of Maerz does not disclose or suggest a first fee on creation, as claimed in claim 20, nor a second fee for redemption, as claimed in claim 21, nor a transaction fee, as claimed in claim 36.

Regarding **claim 25**, it is respectfully pointed out that the stated rejection "using the same rationale as claim 10" is incorrect. It is conjectured that "claim 9" was intended.

For at least these reasons also, at least claims 3, 6-10, 14-15, 20-21, 24-26, 29, and 36 are believed to be non-obvious over the cited references.

Claims 37 and 38, which are independent, are rejected as allegedly anticipated by Bodurtha. The rejection is traversed.

As regards claim 37, Bodurtha does not disclose or suggest the claimed first means for applying specified bundling criteria. Col. 7, lines 48-51 of Bodurtha says that "a weighting and/or methodology, and possibly other criteria, are used to determine the particular stocks ... for creating the Security Receipt," but gives no indication of what weighting, methodology, or criteria might be used. Col. 8, Table III and surrounding text at lines 10-19, describe computing the market capitalization and trading volume of the securities in the basket after the basket has been defined. The Examiner appears to have misinterpreted Bodurtha, and combined against a single feature of claim 37 two passages of Bodurtha that describe different steps in the process.

Bodurtha does not disclose or suggest the claimed "second means for bundling a plurality of single issuer, uniform typed units of the at least one publicly traded security into a tradable bundled instrument security in accordance with the bundling criteria while permitting other of the uniform typed units of the at least one publicly traded security to remain publicly traded." The cited passage at col. 4, lines 3-5 of Bodurtha does not give any indication of what underlies the "security receipt." The cited passage at col. 6, lines 10-16 of Bodurtha mentions only an "entire bundle of securities" consisting of "different securities in the same or different amounts." Further, as explained above, Bodurtha does not teach or suggest bundling of "single issuer" securities, as claimed. Bodurtha's whole focus is on creating a "diversified portfolio" within the basket.

There is a reference at col. 6, lines 14-15 of Bodurtha to "one or more different securities in the same or different amounts." However, it is immediately evident that "one different security in the same or different amount" does not make sense, and this, and other references to a basket of one security, are best regarded as an artifact of the patent drafting process. However, even if those references to a basket of one security are taken seriously, they do not assist the Examiner. Bodurtha then discloses two distinct cases: a single security, and a diversified portfolio basket. That is completely consistent with the other cited prior art and with actual practice in the industry. Either a derivative instrument is based on a single security, or the derivative instrument is based on a diverse portfolio of securities from unrelated issuers. The cited prior art does not disclose or fairly suggest bundling a plurality of securities from a single issuer, as claimed.

As noted above, the cited col. 11, lines 9-12 of Bodurtha does not disclose or suggest redeeming the Security Receipt; that passage relates to payment of interest.

Thus, the cited reference fails to teach or suggest several features of claim 37, and claim 37 is novel and would not have been obvious to a person of ordinary skill in the art over the cited Bodurtha reference.

Claim 38 is rejected "using the same rationale as claim 37" and is deemed to be non-obvious for at least the same reasons as claim 37. In addition, to the extent that claim 38 is different from claim 37, claim 38 is deemed to be allowable because no valid ground of rejection is outstanding on the record. In particular, Bodurtha does not teach or suggest "a plurality of securities ... issued by a single issuer", as claimed, or a "bundled instrument security that

comprises a selected multiple of at least one of the plurality of securities" issued by the single issuer, as claimed.

Claim 39 is rejected as allegedly obvious over Whitworth in view of Bodurtha "using the same rationale as claim 2." Because claim 39 (dependent from claim 38) is materially different from claim 2 (dependent from claim 1), the rejection is traversed as failing to state any proper ground of rejection with the legally required particularity.

Claims 40 to 42 are rejected as allegedly obvious over Whitworth in view of Bodurtha and Pritchard and further in view of US Patent Application No. 2002/0087373 (Dickstein et al.) Claims 40 to 42 depend through claim 39 from claim 38, and Dickstein and Pritchard are relied on only for additional features of dependent claims 40-42. Without prejudice to their individual merits, claims 40-42 are deemed to be non-obvious over the combination of four cited references for at least the same reasons as base claim 38 is novel and non-obvious over Bodurtha alone.

For all of the above reasons, the rejections of claims 1-42 are without merit as applied to the claims now presented, and should be withdrawn.

CONCLUSION

For all of the foregoing reasons, the application is in condition for allowance. Withdrawal of all rejections and an early notice of allowance of claims 1-42 are respectfully requested.

Respectfully submitted,

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